



CENTRAL KAROO DISTRICT MUNICIPALITY

**UNAUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

GENERAL INFORMATION

LEGAL FORM OF ENTITY	Central Karoo Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)
COUNTRY OF ORIGIN AND LEGAL FORM	South Africa Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)
JURISDICTION	The CENTRAL KAROO Municipality includes the following municipal areas: Beaufort West Municipality Prince Albert Municipality Laingsburg Municipality
MUNICIPAL MANAGER	Mr. S Jooste
CHIEF FINANCE OFFICER	Ms. UM Baartman
REGISTERED OFFICE	63 Donkin Street, Beaufort West, 6970
AUDITORS	Auditor General of South Africa
BANKERS	First National Bank, Beaufort West ABSA, Beaufort West Nedbank, Beaufort West
ATTORNEYS	Crawfords Attorneys Coetzee & van den Bergh Attorneys
RELEVANT LEGISLATION	Basic Conditions of Employment Act (Act no 75 of 1997) Collective Agreements Division of Revenue Act Employment Equity Act (Act no 55 of 1998) Electricity Act (Act no 41 of 1987) Housing Act (Act no 41 of 1997) Infrastructure Grants Municipal Finance Management Act (Act no 56 of 2003) Municipal Planning and Performance Management Regulations Municipal Property Rates Act (Act no 6 of 2004) Municipal Regulations of Standard Chart of Accounts Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Occupational Health and Safety Act (Act 85 of 1993) SALBC Leave Regulations Skills Development Levies Act (Act No 9 of 1999) Supply Chain Management Regulations, 2005 The Income Tax Act Unemployment Insurance Act (Act no 30 of 1996) Value Added Tax Act Occupational Health and Safety Act (Act 85 of 1993)

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Active councillors as at 30 June 2020:

Executive Mayor	AL Rabie
Deputy Mayor	M Jafta
Speaker	IJ Windvogel
Councillor (Full time)	R Meyer
Councillor	AM Slabbert
Councillor	N Constable
Councillor	SM Meyers
Councillor	MS Hangana
Councillor	J Botha
Councillor	SM Motsoane
Councillor	ZJD Lambert
Councillor	O Haarvoor

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2020, which are set out on pages 4 to 82 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

As per Government Gazette no.43582 dated 5 August 2020, National Treasury has granted municipalities and municipal entities a two-month extension regarding the submission of Annual Financial Statements to the Auditor-General. The municipality has taken advantage of this exemption.

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Please refer to note 33

The annual financial statements were prepared on the going concern basis.



Accounting Officer (Acting)
Mr. G Matthyse

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note(s)	2020 R	2019 Restated* R
Assets			
Current Assets			
Inventories	2	1 175 362	981 941
Receivables from exchange transactions	3	-	5 266 160
Receivables from non-exchange transactions	4	1 768 055	1 730 829
Unpaid Conditional Government Grants and Receipts		-	18 729
Statutory receivables	5	69 794	342 574
Employee Benefits Receivables	6	637 000	787 475
Cash and cash equivalents	7	15 365 035	7 052 298
		19 015 246	16 180 006
Non-Current Assets			
Property, plant and equipment	8	8 444 589	8 847 090
Intangible assets	9	97 499	112 241
Employee Benefit Receivable	6	6 907 000	8 613 342
		15 449 088	17 572 673
Total Assets		34 464 334	33 752 679
Liabilities			
Current Liabilities			
Current Employee benefits	10	6 986 500	4 575 747
Unspent conditional grants and receipts	11	4 870 885	2 372 849
Finance lease obligation	12	20 668	69 502
Payables from exchange transactions	13	2 444 791	3 247 027
		14 322 844	10 265 125
Non-Current Liabilities			
Finance lease obligation	12	-	20 668
Employee benefit obligation	14	14 563 002	15 253 635
		14 563 002	15 274 303
Total Liabilities		28 885 846	25 539 428
Net Assets		5 578 488	8 213 251
Accumulated surplus		5 578 488	8 213 251

* See Note

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF FINANCIAL PERFORMANCE

		2020	2019
	Note(s)	R	Restated* R
Revenue			
Revenue from exchange transactions			
Actuarial gains		1 345 236	2 976 629
Straight Service Charges	15	4 072 739	4 226 696
Department of Transport - Roads Service Charges		44 405 980	58 752 840
Gain on disposal of assets and liabilities		-	51 564
Interest received		1 137 968	746 541
Licences and permits		51 165	30 155
Operational Revenue	17	195 254	204 445
Rental from fixed asset		119 014	72 725
Reversal on impairment loss		-	3 895
Total revenue from exchange transactions		51 327 356	67 065 490
Revenue from non-exchange transactions			
Reversal of sureties		-	1 975 391
Settlement by National Treasury	25	993 252	1 520 351
Transfer revenue			
Government grants & subsidies	18	35 984 735	36 078 167
Total revenue from non-exchange transactions		36 977 987	39 573 909
Total revenue		88 305 343	106 639 399
Expenditure			
Employee related costs	19	(52 965 586)	(45 657 527)
Remuneration of councillors	20	(3 845 251)	(3 658 708)
Depreciation and amortisation	21	(610 188)	(503 610)
Impairment	22	(822)	(271 471)
Finance costs	23	(711 480)	(738 725)
Inventory consumed		(7 822 791)	(13 910 000)
Contracted services		(11 196 389)	(23 720 156)
Operational cost	24	(13 787 600)	(12 239 398)
Total expenditure		(90 940 107)	(100 699 595)
(Deficit) surplus for the year		(2 634 764)	5 939 804

* See Note

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
Restated balance at 01 July 2018	2 120 570	2 120 570
Changes in net assets		
Surplus for the year	5 929 925	5 929 925
Prior period year adjustments	162 756	162 756
Restated* Balance at 01 July 2019	8 213 252	8 213 252
Changes in net assets		
Surplus for the year	(2 634 764)	(2 634 764)
Balance at 30 June 2020	5 578 488	5 578 488

* See Note

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

CASH FLOW STATEMENT

	Note(s)	2020 R	2019 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Other		55 066 338	66 355 932
Government		38 501 500	36 078 167
Interest income		1 137 968	746 541
		<u>94 705 806</u>	<u>103 180 640</u>
Payments			
Suppliers and employees		(86 125 459)	(103 228 505)
Finance costs		(4 341)	(10 131)
		<u>(86 129 800)</u>	<u>(103 238 636)</u>
Net cash flows from operating activities	27	<u>8 576 006</u>	<u>(69 407)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(178 935)	(863 089)
Purchase of Intangible assets		(14 832)	(56 124)
Net cash flows from investing activities		<u>(193 767)</u>	<u>(919 213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in/(Repayment of) finance lease		(69 502)	(67 409)
Net increase/(decrease) in cash and cash equivalents		<u>8 312 737</u>	<u>(1 056 029)</u>
Cash and cash equivalents at the beginning of the year		7 052 298	8 108 327
Cash and cash equivalents at the end of the year	7	<u>15 365 035</u>	<u>7 052 298</u>

* See Note

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts
Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 38
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Actuarial gain	(100 000)	-	(100 000)	1 345 236	1 445 236	A
Agency services	4 283 446	(108 957)	4 174 489	4 072 739	(101 750)	B
Department of Transport - Roads Service Charges	47 775 000	2 066 500	49 841 500	44 405 980	(5 435 520)	C
Interest received	630 000	380 000	1 010 000	1 137 968	127 968	D
Licences and permits	25 905	22 000	47 905	51 165	3 260	E
Operational revenue	212 325	(7 325)	205 000	195 254	(9 746)	F
Rental from fixed asset	93 000	-	93 000	119 014	26 014	G
Total revenue from exchange transactions	52 919 676	2 352 218	55 271 894	51 327 356	(3 944 538)	
Revenue from non-exchange transactions						
Settlement by National Treasury	3 000 000	-	3 000 000	993 252	(2 006 748)	H
Transfer revenue						
Government grants & subsidies	40 817 000	3 162 543	43 979 543	35 984 735	(7 994 808)	I
Total revenue from non-exchange transactions	43 817 000	3 162 543	46 979 543	36 977 987	(10 001 556)	
Total revenue	96 736 676	5 514 761	102 251 437	88 305 343	(13 946 094)	
Expenditure						
Employee related costs	(45 239 677)	(3 944 823)	(49 184 500)	(52 965 586)	(3 781 086)	J
Remuneration of councillors	(3 796 012)	(45 000)	(3 841 012)	(3 845 251)	(4 239)	K
Depreciation and amortisation	(386 250)	(174 405)	(560 655)	(610 188)	(49 533)	L
Reversal of impairment	-	-	-	(822)	(822)	M
Finance costs	-	-	-	(711 480)	(711 480)	N
Inventory consumed	-	-	-	(7 822 791)	(7 822 791)	P
Contracted services	-	-	-	(11 196 342)	(11 196 342)	P
Operational expenses	(13 852 595)	(3 317 383)	(17 169 978)	(13 787 600)	3 382 378	O
Total expenditure	(63 274 534)	(7 481 611)	(70 756 145)	(90 940 060)	(20 183 915)	
Deficit before taxation	33 462 142	(1 966 850)	31 495 292	(2 634 717)	(34 130 009)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	33 462 142	(1 966 850)	31 495 292	(2 634 717)	(34 130 009)	

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts**Budget on Accrual Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 38
	R	R	R	R	R	

Statement of Financial Position**Assets****Current Assets**

Inventories	713 000	-	713 000	1 175 362	462 362	Q
Receivables from non-exchange transactions	3 275 000	-	3 275 000	1 768 055	(1 506 945)	R
Statutory receivables	-	-	-	69 794	69 794	S
Employee Benefits Receivables	1 315 000	-	1 315 000	637 000	(678 000)	T
Cash and cash equivalents	4 140 000	-	4 140 000	15 365 035	11 225 035	U
	9 443 000	-	9 443 000	19 015 246	9 572 246	

Non-Current Assets

Property, plant and equipment	9 149 000	(8 780 000)	369 000	8 444 589	8 075 589	V
Intangible assets	93 000	-	93 000	97 499	4 499	W
Employee Benefit Receivable	10 020 000	-	10 020 000	6 907 000	(3 113 000)	X
	19 262 000	(8 780 000)	10 482 000	15 449 088	4 967 088	

Total Assets

28 705 000	(8 780 000)	19 925 000	34 464 334	14 539 334	
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Liabilities**Current Liabilities**

Current Employee benefits	-	-	-	6 986 500	6 986 500	Y
Finance lease obligation	39 000	-	39 000	20 668	(18 332)	Z
Payables from exchange transactions	8 179 000	-	8 179 000	2 444 791	(5 734 209)	AA
Unspent conditional grants and receipts	-	-	-	4 870 885	4 870 885	BB
	8 218 000	-	8 218 000	14 322 844	6 104 844	

Non-Current Liabilities

Finance lease obligation	90 000	-	90 000	-	(90 000)	CC
Employee benefit obligation	18 001 000	-	18 001 000	14 563 002	(3 437 998)	DD
	18 091 000	-	18 091 000	14 563 002	(3 527 998)	

Total Liabilities

26 309 000	-	26 309 000	28 885 846	2 576 846	
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Net Assets

2 396 000	(8 780 000)	(6 384 000)	5 578 488	11 962 488	
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Net Assets**Reserves**

Accumulated surplus	2 396 000	(8 780 000)	(6 384 000)	5 578 488	11 962 488	
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CENTRAL KAROO DISTRICT MUNICIPALITY

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Statement of Comparison of Budget and Actual Amounts**Budget on Accrual Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 38
	R	R	R	R	R	

Cash Flow Statement**Cash flows from operating activities****Receipts**

Other Revenue	52 790 000	-	52 790 000	55 066 338	2 276 338	
Government grants	43 717 000	-	43 717 000	38 501 500	(5 215 500)	
Interest income	600 000	-	600 000	1 137 968	537 968	
	97 107 000	-	97 107 000	94 705 806	(2 401 194)	

Payments

Suppliers and employees	(95 776 000)	-	(95 776 000)	(86 125 457)	9 650 543	
Finance costs	-	-	-	(4 341)	(4 341)	
	(95 776 000)	-	(95 776 000)	(86 129 798)	9 646 202	

Net cash flows from operating activities

1 331 000	-	1 331 000	8 576 008	7 245 008	
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Cash flows from investing activities

Purchase of property plant and equipment	(744 000)	-	(744 000)	(178 935)	565 065	
Purchase of other intangible assets	-	-	-	(14 832)	(14 832)	

Net cash flows from investing activities

(744 000)	-	(744 000)	(193 767)	550 233	
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Cash flows from financing activities

Increase in/(Repayment of) finance lease	(11 000)	-	(11 000)	(69 502)	(58 502)	
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Net increase/(decrease) in cash and cash equivalents	576 000	-	576 000	8 312 739	7 736 739	
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Cash and cash equivalents at the beginning of the year	3 605 000	-	3 605 000	7 052 298	3 447 298	
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Cash and cash equivalents at the end of the year	4 181 000	-	4 181 000	15 365 037	11 184 037	
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CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenditure have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

1.1 Presentation currency

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.2 Going concern assumption

These unaudited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. Management considers key financial metrics and approved medium-term budgets to conclude that the going concern assumption used in the compiling of the Annual Financial Statements is appropriate. The recent COVID-19 pandemic and its effect on the Municipality's current and expected performance has been considered by management in the Going concern assumption.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.3 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a Standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. This is set out in note of the annual financial statements.

1.4 Amended Disclosure Policy

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include prior period error disclosure.

1.5 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.6 Presentation of budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the annual Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.7 Standards, amendments to standards and interpretations issued but yet effective

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.7 Standards, amendments to standards and interpretations issued but yet effective (continued)**Change in accounting policy due to amendments to GRAP 5 - Borrowing costs**

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. Additional disclosure will be required with the full implementation of the Standard.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact is expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2019
GRAP 34 (Revised – April 2019)	<p>Separate Financial Statements</p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact is expected as the Municipality has no investment in any entities.</p>	Unknown
GRAP 35 (Revised – April 2019)	<p>Consolidated Financial Statements</p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact is expected as the Municipality does not control any entities.</p>	Unkown
GRAP 36 (Revised – April 2019)	<p>Investments in Associates and Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.</p>	Unkown

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES**1.7 Standards, amendments to standards and interpretations issued but yet effective (continued)**

GRAP 37 (Revised – April 2019)	<p>Joint Arrangements</p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.</p>	Unknown
GRAP 38 (Revised - April 2019)	<p>Disclosure of Interest in Other Entities</p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <ul style="list-style-type: none"> the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows <p>No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.</p>	Unknown
GRAP 108	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>Grap 109 is not applicable as the relationship between the municipality and the Department of Public Works and Transport of the Western Cape, does not meet the principal agent criteria as determined by the standard.</p>	Unknown
GRAP 110	<p>Living and non-living resources</p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.7 Standards, amendments to standards and interpretations issued but yet effective (continued)

IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 18	<p>Recognition and Derecognition of Land</p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2019
IGRAP 19	<p>Liabilities to Pay Levies</p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2019
IGRAP 20	<p>Accounting for Adjustments on Revenue</p> <p>The interpretation clarifies the accounting for adjustments to:</p> <ul style="list-style-type: none"> a) exchange and non-exchange revenue charged in terms of legislation or similar means; and b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal, or objection process. <p>No significant impact is expected as the Municipality's current treatment is already in line with the interpretation.</p>	1 April 2020

Borrowing costs, incurred both before and after the effective date of this amendment and related to qualifying assets for which the commencement date for capitalisation is prior to the effective date of this Standard, is recognised in accordance with the municipality's previous accounting policy.

ACCOUNTING POLICIES

1.8 Leases

Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.9 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

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ACCOUNTING POLICIES

1.10 Unspent conditional government grants and receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 Unpaid conditional government grants and receipts

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on grant conditions being met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12 Unspent public contributions

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

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ACCOUNTING POLICIES

1.13 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.14 Employee benefits

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

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ACCOUNTING POLICIES

1.14 Employee benefits (continued)

[Specify judgements made]

1.15 Property, Plant and Equipment

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.16 Share capital / contributed capital

Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding agreements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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ACCOUNTING POLICIES

1.16 Share capital / contributed capital (continued)

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5-13

De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Application of Deemed Cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as at 1 July 2007.

ACCOUNTING POLICIES

1.17 Impairment of non-financial asset

Cash Generating Assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;

- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;

- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;

- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset, to a non-cash generating asset or from a non-cash-generating asset, to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

ACCOUNTING POLICIES

1.17 Impairment of non-financial asset (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

Non-Cash-Generating Assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

ACCOUNTING POLICIES

1.17 Impairment of non-financial asset (continued)

- depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation), had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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ACCOUNTING POLICIES

1.18 Inventories

Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, materials and supplies and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.19 Financial Instruments

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

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ACCOUNTING POLICIES

1.19 Financial Instruments (continued)

Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Non-Current Investments

Investments which include investments in Municipal Entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

CENTRAL KAROO DISTRICT MUNICIPALITY

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ACCOUNTING POLICIES

1.19 Financial Instruments (continued)

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

De-recognition

Financial Assets

A Financial Asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.20 Statutory receivables

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- a) interest or other charges that may have accrued on the receivable;
- b) impairment losses; and
- c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is reversed if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

Derecognition

The Municipality derecognises a statutory receivable when:

- a) the rights to the cash flows from the receivable are settled, expire or are waived;
- b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - derecognises the receivable; and
 - recognises separately any rights and obligations created or retained in the transfer.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

CENTRAL KAROO DISTRICT MUNICIPALITY

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ACCOUNTING POLICIES

1.20 Statutory receivables (continued)

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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ACCOUNTING POLICIES

1.21 Revenue

Concessionary loans received

Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received, or receivable, are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

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ACCOUNTING POLICIES

Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. The Municipality performs an agency function on behalf of the Provincial Administration: Western Cape for the proclaimed roads within its area.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

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ACCOUNTING POLICIES

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22 Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

a) are married or live together in a relationship similar to a marriage; or

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.22 Related parties (continued)

b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- all members of the governing body of the Municipality;
- a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- the senior management team of the Municipality, including the Chief Executive Officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms are disclosed.

1.23 Unauthorised Expenditure

Unauthorised Expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or Organ of State and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Irregular expenditure

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality’s Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.25 Fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Significant accounting judgements and estimates

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in **note 14** of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;

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Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.26 Significant accounting judgements and estimates (continued)

- Cost of items with a similar nature in other Municipalities' asset registers, given that the other Municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other Municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.27 Taxes - value added tax

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.28 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.29 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
2. INVENTORIES		
Maintenance Materials - At cost	1 175 362	981 941
Inventories recognised as an expense during the year	7 822 791	13 910 000
No Inventories have been pledged as collateral for liabilities of the municipality.		
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Roads - Sundry debtors	-	5 266 160
Trade and other receivables pledged as security		
Debtors are payable with 30 days.		
This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.		
There was no current year Roads debtor as the Department of Public Works and Transport Western Cape paid in advance.		
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Other receivables	1 819 844	1 733 815
Less: Allowance for Doubtful Debts	(51 789)	(2 986)
	1 768 055	1 730 829
Reconciliation of Bad debt		
Balance at the beginning of year	2 986	91 448
Contribution to provision/(reversal of provision)	48 803	(88 462)
	51 789	2 986
Provisions are made for all debtors handed over to lawyers for collection, except for debtors disclosed in note 33 which have to be collected in terms of the MFMA.		
Ageing of debtors		
Debtors are payable with 30 days.		
This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.		
The ageing of amounts past due but not impaired is as follows:		
Current (0-30 days)	605 808	604 592
31 - 60 Days	8 433	73 163
61 - 90 Days	13 169	8 595
+ 90 Days	1 140 645	1 044 479
	1 768 055	1 730 829

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
5. STATUTORY RECEIVABLES		
VAT	69 794	342 574
6. EMPLOYEE BENEFIT RECEIVABLE		
Actual		
Department of Transport: Roads - Post Employment Health Care Benefits	5 610 000	7 529 705
Department of Transport: Roads - Long Service Awards	1 533 000	1 498 716
Department of Transport: Roads - Ex Gratia Pension Benefits	401 000	372 396
	7 544 000	9 400 817
Less: Current portion transferred to current receivables		
Department of Transport: Roads - Post Employment Health Care Benefits	(418 000)	(461 957)
Department of Transport: Roads - Long Service Awards	(120 000)	(144 096)
Department of Transport: Roads - Ex-Gratia Pension Benefits Municipal	(99 000)	(181 422)
	(637 000)	(787 475)
Total Long Term Receivables	6 907 000	8 613 342
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1 300	1 300
Bank balances	2 808 573	1 163 318
Call Investments Deposits	12 555 162	5 887 680
	15 365 035	7 052 298

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalent. Except for cash and cash equivalents that relate to unspent conditional grants, it has to remain cash backed.

The carrying value approximates the fair value of the asset.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R			2019 R		
7. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
ABSA Bank Account Number 1540 0000 14 (Cheque account)	535 155	745 958	39 279	373 662	745 958	39 279
First National Bank Account Number 6206 2151 429 (Cheque Account)	797 902	28 167	3 515 677	1 425 395	28 167	3 482 197
Nedbank Account Number 1178835510 (Cheque Account)	3 529 959	389 886	-	1 009 516	389 193	-
Total	<u>4 863 016</u>	<u>1 164 011</u>	<u>3 554 956</u>	<u>2 808 573</u>	<u>1 163 318</u>	<u>3 521 476</u>
Call Investment deposits						
Nedbank - 03/7881114568				2 227 030		2 099 362
First Rand Bank Limited - 6223 6004 355				97		45 793
Nedbank - 03/7881125551				2 107 123		1 962 555
Nedbank - 03/7881121858				3 627 052		386 870
Nedbank - 03/7881150777				1 452 221		1 368 970
Nedbank - 03/7881151625				3 113 598		24 130
First Rand Bank Limited - 628 352 72361				28 041		-
				12 555 162		5 887 680

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS**8. PROPERTY, PLANT AND EQUIPMENT**

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 207 650	-	1 207 650	1 207 650	-	1 207 650
Buildings	5 940 333	(2 331 889)	3 608 444	5 940 333	(2 272 780)	3 667 553
Plant and machinery	985 142	(414 661)	570 481	985 142	(318 055)	667 087
Furniture and fixtures	2 415 804	(1 478 187)	937 617	2 293 801	(1 328 234)	965 567
Motor vehicles	3 088 731	(1 481 993)	1 606 738	3 088 731	(1 297 004)	1 791 727
Office equipment	1 294 046	(780 387)	513 659	1 252 124	(704 618)	547 506
Total	14 931 706	(6 487 117)	8 444 589	14 767 781	(5 920 691)	8 847 090

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	1 207 650	-	-	-	1 207 650
Buildings	3 667 553	-	(59 109)	-	3 608 444
Machinery and equipment	667 087	-	(96 606)	-	570 481
Furniture and equipment	965 567	133 411	(160 837)	(524)	937 617
Office equipment	547 506	45 524	(79 073)	(298)	513 659
Motor vehicles	1 791 727	-	(184 989)	-	1 606 738
	8 847 090	178 935	(580 614)	(822)	8 444 589

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS**8. Property, plant and equipment (continued)****Reconciliation of property, plant and equipment - 2019**

	Opening balance	Additions	Disposals	Prior period error	Depreciation	Impairment loss	Total
Land	853 150	-	-	354 500	-	-	1 207 650
Buildings	3 714 371	-	-	-	(46 818)	-	3 667 553
Machinery and Equipment	756 356	-	-	-	(89 269)	-	667 087
Furniture and fixtures	690 129	382 824	(4 842)	15 273	(120 834)	3 017	965 567
Office equipment	370 176	228 481	-	-	(51 412)	261	547 506
Motor vehicles	1 706 255	251 784	-	-	(166 312)	-	1 791 727
	8 090 437	863 089	(4 842)	369 773	(474 645)	3 278	8 847 090

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
8. Property, plant and equipment (continued)		
Pledged as security		
Leased Property, Plant and Equipment of R20 668 is secured for leases as set out in Note 12.		
There are no contractual commitments for the acquisition of property.		
There are no Property, Plant and Equipment in the process of being constructed or developed.		
Other information		
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.		
Property, plant and equipment in the process of being constructed or developed		
Expenditure incurred to repair and maintain Property, Plant and Equipment		
Contracted services	19 617	387 146

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS**9. INTANGIBLE ASSETS**

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	299 237	(201 738)	97 499	284 405	(172 164)	112 241

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	112 241	14 832	(29 574)	97 499

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	85 083	56 124	(28 966)	112 241

The following material intangible assets are included in the carrying value above

Microsoft software and other software.	97 499	112 241
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CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
9. Intangible assets (continued)		
No intangible asset were assessed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title are restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
10. CURRENT EMPLOYEE BENEFITS		
Designated at fair value		
Current Portion of Ex Gratia Benefits - Refer to Note 14	99 000	181 422
Current Portion of Long Service Provisions - Refer to Note 14	194 000	212 244
Current Portion of Post Retirement Benefits - Refer to Note 14	970 000	854 101
Provision for Performance Bonusses	394 027	368 267
Provision for Severance Pay	2 033 641	-
Provision for Staff Leave	2 197 838	1 932 846
Staff Bonusses Accrued	1 097 994	1 026 867
	6 986 500	4 575 747

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
10. Current employee benefits (continued)		
Financial liabilities at fair value		
The movement in current employee benefits are reconciled as follows:		
Provision for Staff Leave		
Balance at beginning of year	1 932 846	1 650 293
Contribution to current portion	431 985	425 705
Expenditure incurred	(166 993)	(143 152)
	2 197 838	1 932 846
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or resign.		
Provision for Performance Bonusses		
Balance at beginning of year	368 567	725 890
Contribution to current portion	470 155	(38 457)
Expenditure incurred	(444 695)	(319 166)
	394 027	368 267
Staff Bonusses Accrued		
Balance at beginning of year	1 026 867	892 739
Contribution to current portion	2 493 228	2 369 295
Expenditure incurred	(2 422 101)	(2 235 167)
	1 097 994	1 026 867
Bonusses are being paid to all permanent municipal staff, excluding the bonus payable to section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.		
Provision for Severance pay		
Contribution to current portion	2 033 641	-

Council resolved to terminate the contract of employment of the Municipal Manager, Mr S Jooste as a result of breach of the relationship of trust between the Municipal Manger and the Council from 30 June 2020. Council resolved to pay a final severance amount of 18 months cost to company to Mr S Jooste.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
National Government Grants	2 014 037	-
Provincial Government Grants	2 257 649	2 088 543
Other Grant Providers	599 199	284 306
	4 870 885	2 372 849
Reconciliation of Unspent Conditional Grants and Receipts		
Rural Asset Management Grant	2 014 037	-
FMG Graduate Internship Programme	-	57 959
FMG Graduate Internship Programme (Disaster Management)	75 201	-
FMG Capacity building grant (Bursaries)	430 166	266 766
WCFMSG Internal Audit and Risk Management	390 819	390 819
WOSA	768 439	1 000 000
FMG ERM System	173 000	173 000
WC PDO Compliance	220 025	-
FMG Audit System	200 000	200 000
CHIETA	397 415	82 522
LG SETA	201 783	201 784
	4 870 885	2 372 850

All the unspent conditional grants are cash backed. Due to the Covid-19 lockdown spending targets could not be met.

12. FINANCE LEASE OBLIGATION**Minimum lease payments due**

- within one year	20 761	73 843
- in second to fifth year inclusive	-	20 895
	20 761	94 738
less: future finance charges	(93)	(4 568)

Present value of minimum lease payments

Non-current liabilities	-	20 668
Current liabilities	20 668	69 502
	20 668	90 170

Refer to Appendix A for the detailed capitalised lease liability.

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
13. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	16 489	2 019 434
Debtors with credit balances	7 691	38 307
Sundry creditors	878 928	1 189 286
Department of transport and public works	1 541 683	-
	2 444 791	3 247 027

Payables are being recognised net of any discounts.

Payables are being paid within 30 days of receipt of invoice or statement as prescribed by the MFMA, unless the account is in dispute. This credit period granted is considered to be consistent with the terms used in the public sector through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary. Interest and penalties on late payments may arise if payment is not done within 30 days.

14. EMPLOYEE BENEFIT OBLIGATIONS**Post Retirement Medical Aid Benefits**

Present value of fund obligation at the beginning of the year	R 13 921 487	R 16 087 138
Contribution for the year	333 054	231 808
Interest cost	1 235 596	1 454 815
Benefits paid	(868 322)	(813 463)
Actuarial (Gain)/Loss	(1 849 815)	(3 038 811)
Less: Transfer of Current Portion - Refer to Note 11	(970 000)	(854 101)
	11 802 000	13 067 386

Long Service Awards

Present value of fund obligation at the beginning of the year	2 207 518	2 118 886
Contribution for the year	223 346	178 572
Interest cost	170 380	165 123
Benefits paid	(249 778)	(340 576)
Actuarial losses	301 534	85 513
Less: Transfer of Current Portion - Refer to Note 11	(194 000)	(212 244)
	2 459 000	1 995 274

Ex-Gratia Benefits

Present value of fund obligation at the beginning of the year	372 396	447 980
Interest Cost	22 000	35 083
Benefits paid	(196 441)	(87 336)
Actuarial Loss/(Gain)	203 045	(23 331)
Less: Transfer of Current Portion - Refer to Note 11	(99 000)	(181 422)
	302 000	190 974

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Opening balance	16 501 401	18 654 004
Contribution for the year	556 400	410 381
Interest cost - Refer to Note 23	1 427 976	1 655 021
Benefits paid	(1 314 541)	(1 241 375)
Actuarial Gain for the year	(1 345 236)	(2 976 629)
Transfer of Current porting - Note 11	(1 263 000)	(1 247 767)
	14 563 000	15 253 635

14.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

Current (In Service) Members	30	34
Continuation members (e.g. Retirees, widows, orphans)	25	20
Total members	30	34

The amount recognised in the Statement of Financial Position:

Current (In Service) members	3 723 000	4 825 319
Continuation members	9 049 000	9 096 168
	12 772 000	13 921 487

The liability in respect of periods commencing prior to the comparative year has been estimatead as follows:

	2018	2017	2016
Total liability	16 087 000	16 359 000	16 866 000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health;
Samwymed; and
Keyhealth - Hosmed.

Key Actuarial assumptions used:

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
Rate of Interest		
Discount rate	Yield curve	9,15 %
Health Care Cost Inflation Rate	CPI + 1,5%	6,67 %
Net Effective Discount Rate	Yield curve based	2,32

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates for longer maturities by extrapolating current market rates along the yield curve."

Consequently, a discount rate of 9.15% per annum has been used. The corresponding index-linked yield at this term is 2.32%. These rates do not relect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market clost on 30 June 2020.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA(90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
Average Retirement Age		
It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.		
Normal Retirement Age		
The average retirement age for all active employees was assumed to be 65 years.		
Spouses and Dependents		
We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.		
Reconciliation of present value of fund obligation		
Present value of fund obligation at the beginning of the year	13 921 487	16 087 138
Current service cost	333 054	231 818
Interest cost	1 235 596	1 454 815
Benefits paid	(868 322)	(813 463)
Actuarial (Gains)/Losses	(1 849 815)	(3 038 811)
Transfer of Current Portion - Note 11	(970 000)	(854 101)
Non - current Portion	11 802 000	13 067 396

Sensitivity Analysis on Accrued Liability

Mortality Rate:

Illustrated is the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	13 674 000	12 772 000	12 005 000
Current Service Cost	1 630 000	1 516 000	1 422 000
Interest Cost	218 000	205 000	193 000
	15 522 000	14 493 000	13 620 000

Medical aid inflation:

The effect of a 1% per annum change in the medical aid inflation assumption:

	-1% Medical Aid Inflation	Valuation Assumption	+1% Medical Aid Inflation
Total Accrued Liability	12 130 000	12 772 000	13 276 000
Current Service Cost	1 437 000	1 516 000	1 578 000
Interest Cost	193 000	205 000	213 000
	13 760 000	14 493 000	15 067 000

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
14.2 Long Service Bonuses		
The Long Service Bonus plans are defined benefit plans.		
Roads	111	110
Other	45	39
As at year end, the following number of employees were eligible for Long Service Bonuses	156	149

Key Actuarial assumptions used:**Rate of Interest**

Discount rate	Yield curve	8,10%
General Salary Inflation (long-term)	Equal to CPI+1%	5,52%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	Yield curve based	2,45%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

We use the nominal and real zero curves as at 30 June 2020 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Average Retirement age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.

Normal Retirement age

The normal retirement age for all active employees was assumed to be 65 years.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

The amount recognised in the Statement of Financial Position are as follows:

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Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

		2020 R	2019 R
14. Employee benefit obligations (continued)			
Present value of fund obligations		2 653 000	2 207 518
		2 653 000	2 207 518
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2018	2017	2016
	2 188 886	1 778 965	1 748 137
Reconciliation of present value of fund obligation (LSA):			
Present value of fund obligation at the beginning of the year		2 207 518	2 118 886
Current service cost		223 346	178 572
Interest cost		170 380	165 123
Benefits paid		(249 778)	(340 576)
Actuarial losses		301 534	85 513
Transfer of Current Portion - Note 11		(194 000)	(212 244)
Non - current Portion		2 459 000	1 995 274

Sensitivity Analysis on the Unfunded Accrued Liability

Withdrawal Rate:

Illustrated is the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rate by 20%:

	-20% Withdrawal Rate	Valuation Assumption	+20 Withdrawal Rate
Total Accrued Liability	2 740 000	2 653 000	2 574 000
Current Service cost	266 000	251 000	237 000
Interest cost	229 000	222 000	214 000
	3 235 000	3 126 000	3 025 000

Normal Salary inflation:

The effect of a 1% per annum change in the Normal Salary inflation assumption:

	-1% Normal Salary inflation	Valuation Assumption	+1% Normal Salary inflation
Total Accrued Liability	2 505 000	2 653 000	2 815 000
Current Service cost	232 000	251 000	272 000
Interest cost	209 000	222 000	236 000
	R 2 946 000	R 3 126 000	R 3 323 000

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
14.3 Ex Gratia Benefits		
The Ex-Gratia plans are defined benefit plans		
Roads	7	7
As at year end, the following number of employees were eligible for Ex-Gratia benefits	7	7
Key actuarial assumptions used:		
Discount rate	7,35%	8,00%
Benefit increase rate (CPI inflation)	3,14%	4,31%
Net Effective Discount Rate	3,08%	3,54%
<p>Grap 25 defines the determination of the Discount rate assumption to be used as follow:</p> <p>"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."</p> <p>To obtain the applicable discount rate, we use the implied duration of the liability to obtain an appropriate interest rate on the yield curve. We use the nominal and real zero curves as at 30 June 2020 supplied by the JSE to determine our discounted rates and CPI assumptions.</p>		
Average retirement age		
It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.		
Normal retirement age		
The normal retirement ages for all active employees was assumed to be 65 years.		
Mortality Rates and Spouses		
<p>Mortality before retirement has been based on the PA(90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.</p>		
Reconciliation of present value of fund obligation (Ex-Gratia)		
Present value of fund obligation at the beginning of the year	372 396	447 980
Interest paid	22 000	35 083
Benefits paid	(196 441)	(87 336)
Actuarial losses/(gains)	203 045	(23 331)
Transfer of Current Portion - Note 11	(99 000)	(181 422)
	302 000	190 974

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R	
14. Employee benefit obligations (continued)			
Sensitivity Analysis on the Unfunded Accrued Liability			
Pension inflation			
	1% Pension inflation	Valuation Assumption	+1% Pension inflation
Total Accrued liability	394 000	401 000	408 000
Interest Cost	22 000	22 000	23 000
	416 000	423 000	431 000

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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14. Employee benefit obligations (continued)**14.4 Retirement Funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 1 July 2018 revealed that the fund is in a sound financial position with a funding level of 96% (1 July 2015 - 100%)

Contributions paid recognised in the Statement of Financial Performance	6 505 583	3 773 811
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CONSOLIDATED PENSION FUND FOR LOCAL GOVERNMENT

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2016 - 100%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95%.

Contributions paid recognised in the Statement of Financial Performance	175 386	134 998
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SAMWU PROVIDENT FUND

The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
14. Employee benefit obligations (continued)		
Contributions paid recognised in the Statement of Financial Performance	970 210	659 241

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
15. STRAIGHT SERVICE CHARGE		
Department of Transport and Public Works	4 072 739	4 226 696
<p>The municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within the jurisdiction of the Central Karoo District Municipality. The commission is calculated at a pre-determined rate.</p> <p>Grap 109 is not applicable as the relationship between the municipality and the Department of Public Works and Transport of the Western Cape, does not meet the principal agent criteria as determined by the standard.</p> <p>To align to the accounting treatment for the funding received from the Department of Transport and Public Works with regards to the road maintenance, the prior year naming convention for this funding source was changed from agency services to Straight service charge. Both the prior year and current year naming convention is therefor consistent. This allows the users of the AFS to have a clear understanding of the substance to this funding.</p>		
16. REVERSAL OF IMPAIRMENT		
Property Plant and Equipment	-	3 895
17. OPERATIONAL REVENUE		
Commission	35 560	22 599
Admin fee	75 788	96 000
Samples: Milk and Water	83 555	84 594
Sundry Income	351	1 252
	195 254	204 445

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Government Grants and Subsidies - Operational	35 984 735	35 996 646
Capital grants		
Government Grants and Subsidies - Capital	-	81 521
	35 984 735	36 078 167
Conditional and Unconditional Government Grants:		
Included in above are the following grants and subsidies received:		
Unconditional grants received	30 642 000	28 502 000
Conditional grants received	5 342 736	7 576 167
	35 984 736	36 078 167
Revenue recognised per vote as required by Section 123(c) of the MFMA		
Equitable share	30 642 000	28 502 000
Public safety	4 800	876 789
Executive and Council	561 835	2 530 042
Budget and Treasury	1 280 000	1 580 000
Corporate services	753 565	1 372 155
Planning and Development	2 742 536	1 217 181
	35 984 736	36 078 167

Conditions still to be met - remain liabilities (see note 11).

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
18. Government grants and subsidies (continued)		
Local Government Financial Management Grant (FMG)		
Grants received	1 000 000	1 000 000
Conditions met - Operating	(1 000 000)	(1 000 000)
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMS), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

Other Grants

Balance unspent at beginning of year	2 372 848	2 248 525
Grants received	4 342 736	6 582 900
Conditions met - Operating	(1 844 746)	(6 377 056)
Conditions met - Capital	-	(81 521)
	4 870 838	2 372 848

Various grants were received from other spheres of government.

Refer to Appendix E for the detailed disclosure of Grants and Subsidies.

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Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
19. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	36 866 750	31 444 657
Bonuses	2 782 322	2 098 985
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9 530 944	7 087 863
Overtime payments	1 297 067	1 538 445
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 518 995	1 542 284
Current service cost	251 774	154 542
Housing Benefits and Allowances	334 247	301 121
Leave Provision	446 300	438 565
Provision adjustment - Employee benefits	(62 888)	1 043 565
Termination benefits	75	7 500
	52 965 586	45 657 527
Remuneration of Municipal Manager		
Annual Remuneration	994 095	884 508
Car Allowance	240 000	284 000
Performance Bonuses	123 255	153 374
Cellphone allowance	40 500	54 000
Contributions to UIF, Medical and Pension Funds	35 387	33 256
Other benefits and allowances	86 279	84 069
Severance pay	2 033 641	-
	3 553 157	1 493 207
Remuneration of the Chief Financial Officer		
Annual Remuneration	692 898	545 865
Car Allowance	159 350	166 572
Performance Bonuses	187 020	56 117
Cellphone allowance	22 500	12 000
Contributions to UIF, Medical and Pension Funds	172 332	150 636
Other benefits and allowances	66 070	76 451
	1 300 170	1 007 641
Remuneration of Manager: Corporate Services		
Annual Remuneration	769 618	639 346
Car Allowance	144 000	132 000
Cellphone allowance	22 500	12 000
Performance Bonuses	134 420	53 949
Contributions to UIF, Medical and Pension Funds	113 213	97 726
Other benefits and allowances	63 819	76 451
Acting as MM	44 077	-
	1 291 647	1 011 472

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
20. REMUNERATION OF COUNCILLORS		
Executive Major	914 753	872 149
Executive Committee Members	1 123 643	1 366 410
Councillors	1 806 730	1 420 149
	3 845 126	3 658 708
In-kind benefits		
The Councillors occupying the positions of Mayor, Speaker and certain members of the Executive Committee of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.		
21. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	580 614	474 644
Intangible assets	29 574	28 966
	610 188	503 610
22. IMPAIRMENT OF ASSETS		
Impairments		
Property, plant and equipment	822	619
Due to wear and tear the condition of Property, Plant and Equipment was re-evaluated.		
EPWP Grant	-	270 852
Irrecoverable overspending of EPWP grant		
	822	271 471
23. FINANCE COSTS		
Employee benefits	1 427 976	1 655 021
Less: Employee benefits transferred to Roads	(720 837)	(926 427)
Finance leases	4 341	10 131
	711 480	738 725

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
24. OPERATIONAL COST		
Administration costs - Roads	4 683 650	4 860 300
Advertising	40 090	80 261
Bank charges	32 386	17 795
Electricity, water & sanitation	606 612	549 916
Disallowed VAT claims	148 130	-
Membership fees	607 658	561 664
Employee wellness	20 129	6 620
Computer expenses	1 241 890	1 306 894
Insurance	414 540	119 729
Printing	365 266	444 700
Provision/(Reversal) for bad debt	48 803	(88 462)
Rates	164 289	141 345
Registration and Congress Fees	2 200	7 305
Sundry Expenditure	186 247	230 803
Sundry Projects	2 231 112	1 249 985
Telephone & postage	609 960	527 034
Travel and Subsistence	1 275 051	1 480 659
Travel and Subsistence: Council	878 940	713 719
Vehicle licences	5 207	3 699
Workmen's Compensation Contributions	225 440	25 432
	13 787 600	12 239 398
25. SETTLEMENT BY NATIONAL TREASURY		
The auditor General - Audit fees over and above 1% contributed by National Treasury	993 252	1 520 351
As per GRAP 23 par 99-107 the above transactions are regarded as services in kind.		
26. AUDITORS' REMUNERATION		
Fees	2 007 154	2 526 944

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
27. CASH GENERATED FROM (USED IN) OPERATIONS		
(Deficit) surplus	(2 634 764)	5 939 804
Adjustments for:		
Depreciation and amortisation	610 188	503 611
(Gain)/Loss on disposal of assets and liabilities	-	(51 564)
Contribution to provisions – bad debt	-	(88 462)
Interest on employee benefits	1 427 976	1 655 021
Reversal of impairment loss	-	(3 895)
Debt impairment	822	271 471
Contribution to current employee benefits	5 429 009	2 756 543
Benefits paid current employee benefits	(3 033 789)	(2 697 485)
Contribution to non-current employee benefits	556 400	389 159
Benefits paid non-current employee benefits	(1 314 541)	(1 247 727)
Actuarial (Gains)/Losses	(1 345 236)	(2 976 629)
Non - cash movement employee benefits	1 856 817	1 043 565
Grant received	38 501 500	36 084 900
Grant expenditure	(35 984 735)	(36 078 167)
Changes in working capital:		
Inventories	(193 421)	-
Receivables from exchange transactions	5 266 160	(2 384 543)
Receivables from non-exchange transactions	(37 226)	402 174
Payables from exchange transactions	(801 934)	(3 654 180)
Increase in taxes	272 780	396 290
	8 576 006	(69 407)

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
28. PRIOR PERIOD ERROR		
Corrections were made during the previous financial years. Details of the corrections are described below:		
Property Plant and Equipment		
Balance previously reported		8 478 847
First time recognition of assets		368 243
Restated Balance		8 847 090
Receivables from exchange transactions		
Balance previously reported		5 483 057
Roads creditor that should have been raised in the prior year		(216 897)
Restated Balance		5 266 160
Receivables from non-exchange transactions		
Balance previously reported		1 719 419
Unpaid leave should be recovered from employee		11 410
Restated Balance		1 730 829
Employee Related cost		
Balance previously reported		45 668 937
Unpaid leave should be recovered from employee		(11 410)
Restated Balance		45 657 527
Depreciation and amortisation		
Balance previously reported		502 079
First time recognition of assets		1 531
Restated Balance		503 610
Accumulate surplus		
Balance previously reported		8 050 495
Roads creditor that should have been raised in the prior year		(216 897)
First time recognition of assets		368 246
Unpaid leave should be recovered from employee		11 410
Restated Balance		8 213 254

The Municipality has realigned items in the financial statements with the Item Segment of mSCOA (Municipal Regulations of Standard Chart of Accounts). The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2019 audited amounts can be summarised as follows:

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R	
28. Prior Period Error (continued)			
	Balance as previously reported	Adjustments	Restated balance
Agency services	4 226 696	(4 226 696)	-
Department of Transport - Roads Service Charges	58 752 840	-	58 752 840
Interest Received	746 541	-	746 541
Licences and permits	30 155	-	30 155
Operational Revenue	204 445	-	204 445
Rental from fixed asset	72 725	-	72 725
Reversal of Sureties	1 975 391	-	1 975 391
Settlement by National Treasury	1 520 351	-	1 520 351
Straight Service Charges	-	4 226 696	4 226 696
Government grants & Subsidies	36 078 167	-	36 078 167
Employee related costs	(45 661 437)	(7 499)	(45 668 936)
Remuneration of councillors	(3 658 708)	-	(3 658 708)
Contracted services	(13 127 492)	(10 592 665)	(23 720 157)
Depreciation and amortisation	(502 079)	-	(502 079)
Impairment	(271 471)	-	(271 471)
Finance cost	(738 725)	-	(738 725)
Operational cost	(23 349 424)	11 110 026	(12 239 398)
Inventory consumed	(13 488 600)	(421 400)	(13 910 000)
Gain on disposal of assets and liabilities	51 564	-	51 564
Actuarial gains	2 976 629	-	2 976 629
Reversal of impairment losses	3 895	-	3 895
Reversal on impairment loss on receivables	88 462	(88 462)	-
	5 929 925	-	5 929 925

29. UNAUTHORISED EXPENDITURE

Opening balance as previously reported	7 360 160	6 854 904
Current year - Operating	1 435 349	495 377
Add: Expenditure identified - prior period	-	9 879
	8 795 509	7 360 160

2020 Unauthorised expenditure for the year can be summarised as follow:

	Budget Expenditure (R)	Actual Expenditure (R)	Variance (R)	Recalculate Unauthorised (R)
Budget and Treasury	13 674 946	10 752 267	2 922 679	-
Corporate Services	12 357 809	10 914 411	1 443 398	-
Public Safety	1 685 374	1 651 079	34 295	-
Executive and Council	10 802 214	12 237 563	(1 435 349)	(1 435 349)
Health	4 323 256	4 173 970	149 286	-
Planning and Development	7 707 556	6 101 084	1 606 472	-
Road Transport	50 144 424	45 109 735	5 034 689	-
Total	100 695 579	90 940 109	9 755 470	(1 435 349)

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R		
29. Unauthorised expenditure (continued)				
2019 Unauthorised expenditure for the year can be summarised as follow:				
	Budget Expenditure (R)	Actual Expenditure (R)	Variance (R)	Recalculate Unauthorised (R)
Budget and Treasury	12 347 089	12 346 110	979	-
Corporate Services	12 659 254	9 297 529	3 361 725	-
Public Safety	2 007 169	1 881 821	125 348	-
Executive and Council	11 574 895	10 703 765	871 130	-
Health	4 370 828	3 463 120	907 708	-
Planning and Development	6 113 158	4 029 972	2 083 186	-
Road Transport	58 580 242	59 085 498	(505 256)	(505 256)
Total	107 652 635	100 807 815	6 844 820	(505 256)

30. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	165 885	165 885
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31. IRREGULAR EXPENDITURE

Opening balance as previously reported	30 959 244	16 652 136
Current year	-	14 342 758
Less: Amounts condoned	-	(35 650)
Closing balance	30 959 244	30 959 244

Details of irregular expenditure

Section 46(2) - Lease agreement entered into without Resolution from Council	-	30 158
LG SETA project - Tender CKDM 14 - 2013/2014	-	7 611 939
Non-compliance with Supply Chain Management Regulations	-	54 250
SCM Regulation 44 - person in service of state	-	169 778
Continuation of contract after tender expired	-	591 660
MFMA Supply Chain Management Regulation 32*	-	2 816 819
MFMA Supply Chain Management Regulation 32*	-	3 068 154
	-	14 342 758

Recoverability, condonement and disciplinary steps of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

* R3 068 154 of this amount is irregular expenditure identified in the current year relating to the previous years. The total amount disclosed relates to a technical interpretation difference as identified by the Auditor-General. The technical interpretation and the amount to be submitted for the further investigation and a legal opinion will be obtained by the municipality. All these contracts were entered into during the 2017 year.

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
32. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA		
Current year subscription / fee	R 553 924	R 500 000
Amount paid - current year	(553 924)	(500 000)
	-	-
Audit fees - [MFMA 125 (1)(c)]		
Opening balance	-	5 217
Current year fee	2 007 154	2 526 744
Amount paid - current year	(2 007 154)	(1 011 610)
Amount paid - previous years	-	(1 520 351)
	-	-
PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	582 348	480 607
Current year subscription / fee	7 753 755	6 813 556
Amount paid - current year	(7 545 740)	(6 711 815)
	790 363	582 348
Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year subscription / fee	10 759 234	9 602 377
Amount paid - current year	(10 759 234)	(9 602 377)
	-	-
VAT - [MFMA 125 (1)(c)]		
VAT receivable	69 794	342 574

VAT output payables and VAT input receivables are shown in note 5.

All VAT returns have been submitted by the due date throughout the year.

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
32. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillors' outstanding debt to municipality		
The following Councillors and former Councillors had arrear amounts outstanding for more than 90 days at 30 June 2020:		
Councillor MS Hangana	22 301	32 414
Councillor J Bostander	46 714	46 714
Councillor M Furmen	22 552	22 552
Councillor S Botes	-	617
Councillor EZ Njado	44 944	47 753
Councillor G de Vos	13 905	14 921
Councillor J Jonas	4 515	4 515
Councillor T Prince	439	439
Councillor GP Adolph	2 511	2 511
Councillor C Simpson	-	2 986
Councillor MA Tsam	-	15 005
	157 881	190 427

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	2020	2019
	R	R

32. Additional disclosure in terms of Municipal Finance Management Act (continued)

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

2020

	Between R30 000 and R200 000	Up to R30 000
Emergency	426 212	57 760
Impractical	700 344	868 427
Sole Supplier	545 295	831 758
Prior period regulation 32 contract continuation	310 088	4 202 407
	1 981 939	5 960 352

2019

	Between R30 000 and R200 000	Up to R30 000
Emergency	-	31 894
Impractical	669 981	2 015 525
Sole Supplier	1 346 295	1 453 947
	2 016 276	3 501 366

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

		2020 R	2019 R
32. Additional disclosure in terms of Municipal Finance Management Act (continued)			
The ten major deviations, in total, for the current financial year were as follows:			-
Moore Consulting George (Pty) Ltd	Prior period regulation 32 contract continuation		3 204 727
Mubesko Africa (Pty) Ltd	Prior period regulation 32 contract continuation		929 010
Ignite advisory	Prior period regulation 32 contract continuation		728 750
Barloworld Equipment	Agent for the supply of specific parts		329 632
M & M Eiendomme	There are only two suppliers for fuel in Murraysburg		315 187
Bell Equipment Sales Limited	Agent for the supply of specific parts		299 964
Buffelsdrift Clay Mine CC	Emergency flood damage repair		229 954
Nuweveld Apteek	Urgent requirement of thermometers		147 121
Hino George	Agent for the supply of specific parts		139 241
Beaufort Wes Presisie Motor	Strip & quote		114 758
Ingenieurswerke			
Marais motors	Accident repairs - was impractical to obtain a quote before deassembly of vehicle and parts		90 353
ELB Equipment	Agent for the supply of specific parts		88 591
	Prior period regulation 32 contract continuation		
Moore Consulting George (Pty) Ltd			
Mubesko Africa (Pty) Ltd	Prior period regulation 32 contract continuation		
The ten major deviations, in total, for the previous financial year were as follows:			
Barloworld	Agent for the supply of CAT parts and services		796 565
Bell Equipment Sales Limited	Agent for the supply of Bell Equipment parts and services		527 811
Engen Truck Stop Beaufort West	Only supplier that we have an account with		466 292
Hino George	Agent for the supply of Hino parts and services		277 382
Komatsu South Africa (Pty) Ltd	Agent for the supply of Komatsu parts and services		233 857
Arctipoint (Pty)Ltd t/a Civil Designer South Africa	Sike Distributor of the software		231 265
Babcock International Group Africa Division	Agent for the supply of Volvo parts and services		211 666
Murraysburg Vulstasie	Only supplier that we have an account with		193 502
Trentyre Beaufort West	Only alternative supplier		177 976
Short's Nissan	Only alternative supplier		160 030

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
33. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT		
Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.		
34. FINANCIAL INSTRUMENTS DISCLOSURE		
Financial assets		
Receivables	1 768 055	7 202 476
Call Deposits	12 555 065	5 887 680
Bank balances	2 808 670	1 163 318
Cash floats and advances	1 300	1 300
Cash and cash equivalents		
	17 133 090	14 254 774
Financial liabilities		
Non-current Capitalised Lease Liability	-	20 668
Trade creditors	16 489	2 019 434
Sundry creditors	878 928	1 189 286
Creditors roads	1 541 683	-
Debtors with credit balances	7 694	38 307
Current capitalised lease liability	20 668	69 502
	2 465 462	3 337 197

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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35. FINANCIAL SUSTAINABILITY

The indicators of conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Current assets exceeded current liabilities with the current ratio being 1.33 (2020)

Current assets exceeded current liabilities with the current ratio being 1.57 (2019)

Liquidity ratio of 1.20 (2020)

Liquidity ratio of 1.19 (2019)

Accumulated surplus of R5 578 488 (2020)

Accumulated surplus of R8 213 251 (2019)

The definition of going concern is that there is no reason to believe that an institution will have to close down or liquidate in the foreseeable future and at least, but not limited to 12 months. The financial statements for this Municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following the reporting date.

These annual financial statements have been prepared on a going concern basis.

CENTRAL KAROO DISTRICT MUNICIPALITY

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NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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35. Financial sustainability (continued)**COVID-19 Background**

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020, President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

COVID-19 - Response Expenditure

There are no prior year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2020.

Type of expenditure	Nature of expenditure	Supplier		
Cloth face masks	Inventory consumed	Proudly Karoo	11 700	-
Sanitiser dispensers & refills	Inventory consumed	Steiner Hygiene	4 907	-
Spray Bottles	Inventory consumed	Spot on Deals t/a The Outdoor Shop	4 550	-
Surgical masks	Inventory consumed	Imperial Logistics South Africa	12 480	-
Thermometers	Inventory consumed	Nuweveld Apteek	9 500	-
Thermometers	Inventory consumed	Steiner Hygiene	15 985	-
Three ply masks, sanitisers & thermometers	Inventory consumed	Nuweveld Apteek	137 621	-
			196 743	-

The COVID-19 response expenditure is funded from the following sources:

Grant funding	196 743	-
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	2020 R	2019 R
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36. CONTINGENT LIABILITY**CKDM//DEPARTMENT OF TRANSPORT AND PUBLIC WORKS -
WESTERN CAPE GOVERNMENT**

Case no: 550/19

PA 190415 - 18 August 2016,

Ford Bakkie swept away in river current: R139 025.52

Case no: 222/19

PA 180 217 & PA 180 220 - 14 April 2016,

Collision of Swartberg Pass

Both claims are being opposed by the Municipality and further engagement will be taking place in terms of Section 41 of the Constitution 1996, Section 40(b) of intergovernmental regulation framework Act, 2005 and clause 29 of the Agreement.

**CKDM // CAPX INVOICE DISCOUNTING (PTY) LTD HIGH COURT CASE
NO: 6615/2017**

CKDM has been summonsed by the Plaintiff for payment of the amount of R 2 000 000, alternatively R 1 000 000. The cause of the action relates to the LGSETA project, in terms of which the implementing agent (Africa Creek) ceded its rights in terms of the Turnkey Service Level Agreement between CKDM and Africa Creek to CAPX Invoice Discounting (Pty) Ltd. The Plaintiff now wishes to enforce its rights in terms of the Session Agreement for monies which is due to them by Africa Creek.

This claim is being defended by CKDM on the basis that the Turnkey Service Agreement between itself and Africa Creek has been validly terminated and that there is accordingly no funds payable to Africa Creek. The prospects in defending this claim is very good and there has been no movement on this matter for almost over a year now.

This matter is still ongoing and we are still awaiting a trial date in the High Court.

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	2020 R	2019 R
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36. CONTINGENT LIABILITY (continued)**CKDM & AFRICA CREEK // ENTREPRENEURIAL BUSINESS SCHOOL (PTY) LTD / CB WILLIAMS TRAINING CC / BRIGHT IDEA PROJECTS 447 (PTY) LTD**

The Plaintiff's cause of action against CKDM also relates to the LGSETA project, where Africa Creek was appointed as implementing agent and Africa Creek failed to pay the three Plaintiffs (Training Providers), monies which was due to the Plaintiff.

This claim has been defended by CKDM on the basis that Africa Creek is the party that is responsible for the payment of the Training Providers and not CKDM.

With regards to the prospects of success it is difficult to make a pronouncement of our prospects, as the Plaintiffs hold the municipality liable on the basis that Africa Creek acted as its agent and that the Central Karoo District Municipality as principal is therefore responsible for paying the Plaintiff's fees. This matter could go either way and it will in all probability have to be tried in Court.

The Plaintiff's attorneys have filed a Notice of Condonation, to condone the lateness and we have after thorough research found that they do not have to file a Notice of Condonation. We have in the meantime filed a Notice of Withdrawal of our Opposition.

The costs exposure for the Central Karoo District Municipality could range between R100 000.00 and R300 000.00.

The plaintiffs have now lodged an application for condonation which will be heard in the High Court.

FINANCIAL PERFORMANCE GUARANTEES FOR THE REHABILITATION OF LAND DISTURBED BY PROSPECT MINING IN TERMS OF THE EXECUTION OF ENVIRONMENTAL MANAGEMENT PLAN/PROGRAMME

On 12 September 2012 the municipality entered into 16 financial performance guarantees with the Department of Mineral Resources amounting to R1 301 980 relating to the future rehabilitation of burrow pits. No movement on any of the guarantees have taken place since 2012 and there is no expectation that it will be taken up in the foreseeable future.

CKDM//AFRICA CREEK HIGH COURT CASE NO:21067/2019

In this matter the Central Karoo District Municipality received a Summons for the amount of R2 595 750.00.

The cause of action relates to the LG SETA project in terms of which Africa Creek was appointed as the Implementing Agent.

The cause of action relates to monies that is due to Africa Creek as a result of certain services that was rendered to CKDM by Africa Creek.

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	2020 R	2019 R
36. CONTINGENT LIABILITY (continued)		
We confirm that we have served a Notice of Intention to defend the matter and a few Special Plea's as well as our Plea of Plaintiff's legal representatives.		
Up until date we have not received any further pleadings or correspondence from the Plaintiff's legal representatives and at this stage it is unclear if the Plaintiff's will proceed with litigation in respect of this claim.		
The financial exposure for the Central Karoo District Municipality could range between R100 000.00 and R250 000.00		
37. FINANCIAL RISK MANAGEMENT		
Financial risk management		
The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.		
The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
Foreign exchange currency risk		
The Municipality does not engage in foreign currency transactions.		
Price risk		
The municipality's is not exposed to price risks.		
Interest rate risk		
As the Municipality has interest-bearing liabilities, the Municipality's income and operating expenditure are substantially dependent on changes in market interest rates.		
The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
The Municipality did not hedge against any interest rate risks during the current year.		
Cash and Cash equivalents	15 365 035	7 052 298
Long term Finance Lease Obligation	-	(20 170)
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
1% (2019: 1%) Decrease in interest rates	153 650	70 838
0.5% (2019: 0.5%) Decrease in interest rates	(76 825)	(35 419)

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37. Financial Risk Management (continued)**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash or the availability of funding through proper budgeting.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short term liabilities	20 761	-	-	-
Capital repayments	20 668	-	-	-
Interest	93	-	-	-
Trade and other payables	2 444 791	-	-	-
Unspent conditional government grants and receipts	4 870 885	-	-	-
At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term liabilities	73 843	20 895	-	-
Capital repayments	69 502	20 668	-	-
Interest	4 341	277	-	-
Trade and other payables	3 247 027	-	-	-
Unspent conditional government grants and receipts	2 372 849	-	-	-

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	2020 R	2019 R
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37. Financial Risk Management (continued)**Credit risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No receivables are pledged as security for financial liabilities.

The municipality only deposits cash with major banks with high quality credit standing. Unspent government grants have to be cash backed, and as a result R4 870 885 are pledged as security for financial liabilities. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank, Nedbank and ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2020	2019
Receivables from non-exchange transactions	1 768 055	1 719 419
Cash and Cash Equivalents	15 365 035	7 052 298
Unpaid conditional grants and subsidies	-	18 729
Receivables from exchange transactions	-	5 483 057

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	2020 R	2019 R
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38. BUDGET VS ACTUAL INFORMATION

Explanation of variances between final budget and actual amount. Amounts under R5 000 or a percentage change of less than 10% were seen as not material.

STATEMENT OF FINANCIAL PERFORMANCE

A - (1445%) Actuarial movements are unpredictable because of external factors impacting on variables used in calculations.

B - (2%) Acceptable difference

C - (11%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

D - 13% Higher cash investment levels than expected due to unspent conditional grants, Covid-19 preventing operations to continue for 3 months.

E - 7% Acceptable difference

F - (5%) Acceptable difference

G - 28% Rental from Recreational Hall recognised as income as hand-over to Beaufort West Municipality was completed.

H - (67%) National Treasury 1% grant recognised in line with audit expenditure actually incurred.

I - (18%) LGSETA project came to an end and no income materialised, CHIETA actual receipt was less than budgeted amount.

J - 8% Termination agreement with Municipal Manager

K - 0% Acceptable difference

L - 9% Depreciation on vehicles higher than previously calculated

M - Amount is not material.

N - Actuarial movements are unpredictable because of external factors impacting the variables used in the calculations.

O - (20%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

P - (36%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

STATEMENT OF FINANCIAL POSITION

Q - 65% Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

R - (46%) Roads sundry debtor less than normal due to Covid-19 lockdown and impact on operations.

S - Covid-19 impacting on period processing time at SARS

T - (52%) Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

U - (271%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

V - 2189% Budget error - acquisitions less depreciation budgeted reflected.

W - 5% Acceptable difference.

X - (31%) Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

Y - Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

Z - (47%) Additional leases not entered into as expected for photocopiers due to Covid-19 lockdown.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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38. BUDGET VS ACTUAL INFORMATION (continued)

AA - (70%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

BB - Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

CC - Additional leases not entered into as expected for photocopiers due to Covid-19 lockdown.

DD - (19%) Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

CASH FLOW STATEMENT

The motivation for all adjustments made to the original budget is contained in the January 2020 Mid-year Report and the Adjustment Budget.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

39. RELATED PARTIES**Related party balances**

Amounts included in Trade receivables are outstanding money(s) to be recovered from Councillors, and mayor, due to upper limits changes and travel and lodging claimed, but not spent:

Councillor MS Hangana	22 301	32 414
Councillor J Bostander	46 714	46 714
Councillor M Furmen	22 552	22 552
Councillor S Botes	-	617
Councillor EZ Njado	44 944	47 753
Councillor G de Vos	13 905	14 921
Councillor J Jonas	4 515	4 515
Councillor T Prince	439	439
Councillor GP Adolph	2 511	2 511
Councillor C Simpson	-	2 986
Councillor MA Tsam	-	15 005

Related party loans

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Including any director of Central Karoo District Municipality:

Compensation of key management personnel

The compensation of key management personnel is set out in note 19 to the Annual Financial Statements.

CENTRAL KAROO DISTRICT MUNICIPALITY

Unaudited Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE UNAUDITED ANNUAL FINANCIAL STATEMENTS

39. Related parties (continued)**Current Employee Benefits**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management.

2020	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistence	Total
Municipal Manager	41 304	149 135	53 284	243 723
Chief Financial Officer	24 135	122 446	92 654	239 235
Head Corporate Services	39 780	122 446	108 191	270 417
	105 219	394 027	254 129	753 375

2019	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistence	Total
Municipal Manager	5 367	151 012	160 056	316 435
Chief Financial Officer	28 511	108 628	106 719	243 858
Head Corporate Services	44 156	108 628	111 795	264 579
	78 034	368 268	378 570	824 872

40. COMMITMENTS

The municipality did not have any outstanding capital commitments as at 30 June 2020. Commitments in terms of long term operational projects are fully covered in the 2020/2021 MTREF budget. .

APPENDIX A
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2020

EXTERNAL LOANS	Rate	Redeemable	Balance at 30 June 2019	Received during the period	Redeemed written off during the period	Balance at 30 June 2020
LEASE LIABILITY						
Ricoh MPC 2003 SP	13.00%	21/03/2021	25 640	-	(14 542)	11 099
Ricoh MPC 6003 SP	13.00%	26/09/2020	33 778	-	(26 699)	7 079
Nashau E 337M320248	10.50%	31/07/2020	6 150	-	(5 652)	498
Nashua E 337M320229	10.50%	31/07/2020	6 150	-	(5 652)	498
Nashua E 337M320249	10.50%	31/07/2020	6 150	-	(5 652)	498
Nashau E 337M320230	10.50%	31/07/2020	6 150	-	(5 652)	498
Nashua E 337M320252	10.50%	31/07/2020	6 150	-	(5 652)	498
TOTAL EXTERNAL LOANS			93 578	-	(72 910)	20 668

APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
MUNICIPAL VOTES CLASSIFICATION

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
6 455 463	(4 020 010)	2 435 453	Municipal Manager	4 426 133	(4 260 210)	165 923
28 972 000	(6 683 755)	22 288 245	Council general expenses	10 558 001	(7 977 353)	2 580 648
3 266 871	(12 458 635)	(9 191 764)	Financial services	2 308 812	(10 752 266)	(8 443 454)
5 181 171	(9 297 528)	(4 116 357)	Corporate services	3 379 917	(10 914 410)	(7 534 493)
1 217 181	(4 029 972)	(2 812 790)	Planning and development	2 742 536	(6 101 084)	(3 358 548)
30 155	(3 463 120)	(3 432 965)	Health	51 165	(4 173 970)	(4 122 805)
876 788	(1 881 821)	(1 005 033)	Public safety	4 800	(1 651 079)	(1 646 279)
60 728 231	(58 953 216)	1 775 015	Road transport	64 833 980	(45 109 734)	19 724 245
106 727 861	(100 788 056)	5 939 804	Total	88 305 343	(90 940 107)	(2 634 764)

APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
35 427 463	(10 703 765)	24 723 698	Executive and council	14 984 133	(12 237 563)	2 746 571
3 266 871	(12 458 635)	(9 191 764)	Budget and treasury	2 308 812	(10 752 266)	(8 443 454)
5 181 171	(9 297 528)	(4 116 357)	Corporate Services	3 379 917	(10 914 410)	(7 534 493)
1 217 181	(4 029 972)	(2 812 791)	Planning and Development	2 742 536	(6 101 084)	(3 358 548)
30 155	(3 463 120)	(3 432 965)	Health	51 165	(4 173 970)	(4 122 805)
876 788	(1 881 821)	(1 005 033)	Public Safety	4 800	(1 651 079)	(1 646 279)
60 728 231	(58 953 216)	1 775 015	Road Transport	64 833 980	(45 109 734)	19 724 245
106 727 861	(100 788 056)	5 939 804	Total	88 305 343	(90 940 107)	(2 634 764)

APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2020
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive and council	2 659 876	-	8 115	-	2 667 991	859 810	-	108 140	-	967 949	1 700 042
Finance and administration	4 028 645	-	143 887	-	4 172 533	2 217 951	-	183 337	-	2 401 288	1 771 245
Public safety	4 894 282	-	15 791	-	4 910 073	2 005 631	-	280 454	-	2 286 085	2 623 989
Health	-	-	25 974	-	25 974	-	-	738	-	738	25 236
Road transport	3 250 500	-	-	-	3 250 500	863 379	-	25 687	-	889 066	2 361 434
Environmental protection	205 404	-	-	-	205 404	132 606	-	12 655	-	145 261	60 144
	15 038 708	-	193 767	-	15 232 475	6 079 377	-	611 010	-	6 690 387	8 542 088

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2019	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2020	Unspent 30 June 2020 (Creditor)	Unpaid 30 June 2020 (Debtor)
<u>National Government Grants</u>								
Equitable Share	-	30 642 000.00	-	(30 642 000)	-	-	-	-
Finance Management Grant	-	1 000 000	-	(1 000 000)	-	-	-	-
EPWP	-	1 231 000	-	(1 231 000)	-	-	-	-
Rural Asset Management Grant (RAMS)	(18 728)	2 035 000	-	(2 235)	-	2 014 037	2 014 037	-
National Government Disaster Relief Grant	-	119 000	-	(119 000)	-	-	-	-
Total National Government Grants	(18 728)	35 027 000	-	(32 994 235)	-	2 014 037	2 014 037	-
<u>Provincial Government Grants</u>								
FMG - PMS	-	-	-	-	-	-	-	-
Drought Relief Support	-	-	-	-	-	-	-	-
Fire Brigade Capacity Building	-	-	-	-	-	-	-	-
Fire Brigade Capacity Building	-	-	-	-	-	-	-	-
Ground Water Level Monitoring	-	-	-	-	-	-	-	-
FMG Graduate Internship Programme	57 958	-	-	(57 958)	-	(0)	-	(0)
FMG Graduate Internship Programme (Disaster Management)	-	80 000	-	(4 800)	-	75 201	75 201	-
FMG Capacity building grant (Bursaries)	266 766	379 000	-	(215 600)	-	430 166	430 166	-
WCFMSG Internal Audit and Risk Management	390 819	-	-	-	-	390 819	390 819	-
WCFMSG Mscoa	-	280 000	-	(280 000)	-	-	-	-
WOSA	1 000 000	1 100 000	-	(1 331 561)	-	768 439	768 439	-
FMG ERM System	173 000	-	-	-	-	173 000	173 000	-
WC Humanitarian Relief Grant (DLG)	-	100 000	-	(100 000)	-	-	-	-
Improvement of assurance services	-	125 000	-	(125 000)	-	-	-	-
WC PDO COMPLIANCE	-	400 000	-	(179 975)	-	220 025	220 025	-
FMG Audit System	200 000	-	-	-	-	200 000	200 000	-
Total Provincial Government Grants	2 088 542	2 464 000	-	(2 294 894)	-	2 257 649	2 257 649	(0)
<u>Other Grant Providers</u>								
CHIETA	82 522	1 010 500	-	(695 607)	-	397 415	397 415	-
LG SETA	201 784	-	-	-	-	201 784	201 784	-
Total Other Grant Providers	284 306	1 010 500	-	(695 607)	-	599 199	599 199	-
Total Grants	2 354 120	38 501 500	-	(35 984 736)	-	4 870 884	4 870 885	(0)



**CENTRAL
SENTRAAL**

KAROO

**DISTRIKSMUNISIPALITEIT / DISTRICT MUNICIPALITY
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6970

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iFowuni / Tel: 023 - 449 1000
E-mail: manager@skdm.co.za

Enquiries: U Baartman

30 October 2020

The Auditor-General

Dear Sir

ANNUAL FINANCIAL STATEMENTS FOR CKDM FOR THE YEAR ENDED 30 JUNE 2020

Kindly note the submission of the Annual Financial Statements for the Central Karoo District Municipality for the year ended 30 June 2020 for audit purposes.

Yours sincerely

**G. MATTHYSE
ACTING MUNICIPAL MANAGER**